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U. S. DEPT. OF AGRICULTURE
PROGRESS OF THE FEDERAL CROP INSURANCE PROGRAM

Broadcast by LeRoy K. Smith, Federal Crop Insurance Corporation, and Wallace Kadderly, Chief of Radio Service, Tuesday, October 25, 1938, in the Department of Agriculture period, National Farm and Home Program.

KADDERLY:

The Federal Crop Insurance program is the next subject for consideration. Leroy K. Smith, Manager of the Federal Crop Insurance Corporation, is here to give us some last minute reports on the progress of that program under which thousands of wheat growers are making sure that they will have wheat to sell next harvest. Leroy, it's been quite a while since your last report to the Farm and Home audience.

SMITH:

Yes, and so much has happened that I don't know exactly where to begin.

KADDERLY:

How about giving us the highlights -- then we can fill in the story as we go on?

SMITH:

Fine. Here they are: More than 200,000 wheat growers have applied for crop insurance . . . and the sign-up is just under way in the spring wheat belt... November 19 has been announced as the deadline for premium payments in 20 Mid-western and Great Plains states . . . Premium payments are coming in at the rate of 2,000 or more a day . . . The wheat crop insurance reserve has passed the million-bushel mark . . . Those are the headlines.

KADDERLY:

And mighty important ones, too, for wheat growers! Now for the story behind the headlines LeRoy.

SMITH:

As you know, there are three important stages in the crop insurance program. Number one: The farmer applies for insurance -- all-risk insurance, which guarantees him up to 75 percent of his average yield of wheat next year. Second; The farmer pays the premium due on his policy in wheat or cash equivalent and puts this new protection into operation on his wheat crop for 1939. The Federal Crop Insurance Corporation takes his premium and buys wheat for the insurance reserve. Third: In case of a crop loss, the Corporation brings the farmer's yield up to the insured amount with wheat from that insurance reserve.

KADDERLY:

The applications, then, represent the first of the three stages. And you've already reported that more than 200,000 applications have come in.

SMITH:

That's right. When we started taking applications in July, we thought perhaps the farmers in the principal winter wheat states would make out as many as 150,000 applications.

(over)

KADDERLY:

But you had your sights too low.

SMITH:

Too low is right. When the returns came in, more than 180,000 farmers had signed up. And since then as these applications have moved in from the county to the branch offices at Kansas City and Minneapolis, we find that around 200,000 farmers, mostly winter wheat growers, already have made that first step toward insuring their 1939 harvests.

KADDERLY:

And more still to come?

SMITH:

Yes -- more to come. The deadline for applications was August 31 for the 20 midwestern and Great Plains winter wheat states. Then it closed for six eastern states on September 30. In the Pacific Coast and Northwest states farmers can apply up to November 30. And last, but certainly not least, farmers in the spring wheat belt can apply up until early spring.

KADDERLY:

That's the first stage. Now you said that after the application stage comes the payment of premiums. But, I suppose, the farmer has to get the bill before he pays his premium.

SMITH:

That's right. And we're now mailing out the premium notices, both in the Midwestern and Great Plains winter wheat belt. Out of the 200,000 growers who have applied, more than 185,000 have received notices of the amount of premium due.

KADDERLY:

Say! Getting out 185,000 notices must be a day and night job!

SMITH:

You bet. In Kansas City, we've had three shifts working. But that's just a detail. The important thing is that growers have asked for 1939 crop insurance on about 13 million acres of wheat.

KADDERLY:

13 million acres! But tell me, Leroy, how many farmers are stepping up and paying their premiums to put this insurance into action on that wheat?

SMITH:

It's a little too early to know the exact number that will be insured, Wallace. But I can tell you that it looks like some more night shifts. Premium-payment time is just well under way, and payments are in from more than 48,000 growers. Every day's mail in Kansas City is bringing in about 2,000 payments and we expect that volume to increase now that we've set a deadline.

KADDERLY:

While we're talking about premiums, Leroy just how much time does a wheat grower have in which to pay that premium?

SMITH:

So far, our only deadline on payments is in the Midwestern and Great Plains states where we stopped taking applications on August 31. Those growers have until November 19, to pay.

KADDERLY:

All right. That seems to be as far as we can go in reporting on premium payments. The third thing you started out to report on was the wheat reserve. I understand the Crop Insurance Corporation is quite a customer in the wheat markets these days.

SMITH:

Not so big as we may be later, perhaps. You see, as those premiums come in, we invest them immediately in wheat for the reserve. Up to this morning the Corporation had bought around 1,400,000 bushels. It's good wheat -- number two or better. And that wheat is held in trust for one purpose only -- for meeting the losses of insured farmers next year.

KADDERLY:

Meeting the losses of insured farmers -- you might have put that down as a fourth phase of the insurance program.

SMITH:

Yes, that's true. Even if the season is ideal for wheat, many thousands of farmers will lose their crops. Some weather hazard, perhaps, such as hail or flood. Some will miss the rains that the crop needs. Rust -- accidental fires -- false wireworms -- blowing -- it happens every year. And we expect to be in position to adjust these losses promptly and fairly.

KADDERLY:

Naturally.

SMITH:

And right here I want to urge growers to pay their premiums promptly. That's the only way their insurance can be in force when losses may come their way. Why, we've already had some cases in which growers have had crop losses.

KADDERLY:

Already, some losses?

SMITH:

Yes -- crop damage has been reported on several farms in early planting areas. And some of those farmers hadn't paid their premiums. While they delayed, they lost their crop, and their insurance wasn't in force.

KADDERLY:

That was tough.

SMITH:

It certainly was. But you can't guess what the weather is going to do. When you try, you're up against the greatest odds in the world. The only way to be sure of a crop is to have your crop insurance paid up. And when a farmer is thinking about that premium, he should remember that this year's wheat crop was

166 million bushels more than last year, and that its value was 216 million dollars less. Through crop insurance a grower can put a part of that surplus to work for him instead of against him. Many wheat growers are going one step farther. They are paying up their 1939 crop insurance premiums, and at the same time are depositing an equal amount of wheat to be applied toward their 1940 crop insurance.

KADDERLY:

(Ad lib appreciation). This report on the progress of the Federal Crop Insurance program for wheat was given by Leroy K. Smith, Manager of the Federal Crop Insurance Corporation.

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